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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Date of Report (Date of Earliest Event Reported): May 7, 2026**

**Prospect Capital Corporation**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction  
of incorporation)

**814-00659**  
(Commission File Number)

**43-2048643**  
(IRS Employer  
Identification No.)

**10 East 40th Street, 42nd Floor, New York, New York 10016**  
(Address of principal executive offices, including zip code)

**(212) 448-0702**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>                                                        | <u>Trading symbol</u> | <u>Name of each exchange on which registered</u> |
|-----------------------------------------------------------------------------------|-----------------------|--------------------------------------------------|
| Common Stock, \$0.001 par value                                                   | PSEC                  | NASDAQ Global Select Market                      |
| 5.35% Series A Fixed Rate Cumulative Perpetual Preferred Stock, par value \$0.001 | PSEC PRA              | New York Stock Exchange                          |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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**Item 2.02. Results of Operations and Financial Condition.**

On May 7, 2026, the registrant issued a press release announcing its financial results for its fiscal quarter ended March 31, 2026. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 7.01. Regulation FD Disclosure.**

On May 7, 2026, the registrant issued a press release, included herewith as Exhibit 99.1, and by this reference incorporated herein, announcing the declaration of monthly cash distributions to common shareholders in the following amounts and with the following record and payment dates:

| <b>Monthly Cash Common Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Amount (\$ per share)</b> |
|-----------------------------------------------------|--------------------|---------------------|------------------------------|
| May 2026                                            | 5/27/2026          | 6/18/2026           | \$0.0350                     |
| June 2026                                           | 6/26/2026          | 7/22/2026           | \$0.0350                     |
| July 2026                                           | 7/29/2026          | 8/20/2026           | \$0.0350                     |
| August 2026                                         | 8/27/2026          | 9/17/2026           | \$0.0350                     |

On May 7, 2026, the registrant announced the declaration of monthly dividends for the registrant's 7.50% Preferred Stock for holders of record on the following dates based on an annual rate equal to 7.50% of the Stated Value of \$25.00 per share as set forth in the Articles Supplementary for the Preferred Stock, from the date of issuance or, if later from the most recent dividend payment date (the first business day of the month, with no additional dividend accruing in August as a result), as follows:

| <b>Monthly Cash 7.50% Preferred Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Monthly Amount (\$ per share), before pro ration for partial periods</b> |
|--------------------------------------------------------------|--------------------|---------------------|-----------------------------------------------------------------------------|
| June 2026                                                    | 6/18/2026          | 7/1/2026            | \$0.156250                                                                  |
| July 2026                                                    | 7/22/2026          | 8/3/2026            | \$0.156250                                                                  |
| August 2026                                                  | 8/19/2026          | 9/1/2026            | \$0.156250                                                                  |

On May 7, 2026, the registrant announced the declaration of monthly dividends for the registrant's Floating Rate Preferred Stock for holders of record on the following dates based on an annualized rate equal to 6.50% of the stated value of \$25.00 per share as set forth in the Articles Supplementary for the Preferred Stock, from the date of issuance or, if later from the most recent dividend payment date (the first business day of the month, with no additional dividend accruing in August as a result), authorized on May 7, 2026, as follows:

| <b>Monthly Cash Floating Rate Preferred Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Monthly Amount (\$ per share), before pro ration for partial periods</b> |
|----------------------------------------------------------------------|--------------------|---------------------|-----------------------------------------------------------------------------|
| June 2026                                                            | 6/18/2026          | 7/1/2026            | \$0.135417                                                                  |
| July 2026                                                            | 7/22/2026          | 8/3/2026            | \$0.135417                                                                  |
| August 2026                                                          | 8/19/2026          | 9/1/2026            | \$0.135417                                                                  |

On May 7, 2026, the registrant announced the declaration of monthly dividends for the registrant's 5.50% Preferred Stock for holders of record on the following dates based on an annual rate equal to 5.50% of the Stated Value of \$25.00 per share as set forth in the Articles Supplementary for the Preferred Stock, from the date of issuance or, if later from the most recent dividend payment date (the first business day of the month, with no additional dividend accruing in August as a result), as follows:

| <b>Monthly Cash 5.50% Preferred Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Monthly Amount (\$ per share), before pro ration for partial periods</b> |
|--------------------------------------------------------------|--------------------|---------------------|-----------------------------------------------------------------------------|
| June 2026                                                    | 6/18/2026          | 7/1/2026            | \$0.114583                                                                  |
| July 2026                                                    | 7/22/2026          | 8/3/2026            | \$0.114583                                                                  |
| August 2026                                                  | 8/19/2026          | 9/1/2026            | \$0.114583                                                                  |

On May 7, 2026, the registrant announced the declaration of monthly dividends for the registrant's 6.50% Preferred Stock for holders of record on the following dates based on an annual rate equal to 6.50% of the Stated Value of \$25.00 per share as set forth in the Articles Supplementary for the Preferred Stock, from the date of issuance or, if later from the most recent dividend payment date (the first business day of the month, with no additional dividend accruing in August as a result), as follows:

| <b>Monthly Cash 6.50% Preferred Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Monthly Amount (\$ per share), before pro ration for partial periods</b> |
|--------------------------------------------------------------|--------------------|---------------------|-----------------------------------------------------------------------------|
| June 2026                                                    | 6/18/2026          | 7/1/2026            | \$0.135417                                                                  |
| July 2026                                                    | 7/22/2026          | 8/3/2026            | \$0.135417                                                                  |
| August 2026                                                  | 8/19/2026          | 9/1/2026            | \$0.135417                                                                  |

On May 7, 2026, the registrant announced the declaration of quarterly dividends for the registrant's 5.35% Preferred Stock for holders of record on the following dates based on an annual rate equal to 5.35% of the Stated Value of \$25.00 per share as set forth in the Articles Supplementary for the 5.35% Preferred Stock, from the date of issuance or, if later from the most recent dividend payment date (the first business day of the month, with no additional dividend accruing in August as a result), as follows:

| <b>Quarterly Cash 5.35% Preferred Shareholder Distribution</b> | <b>Record Date</b> | <b>Payment Date</b> | <b>Amount (\$ per share)</b> |
|----------------------------------------------------------------|--------------------|---------------------|------------------------------|
| May 2026 - July 2026                                           | 7/22/2026          | 8/3/2026            | \$0.334375                   |

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release, dated May 7, 2026

## **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Prospect Capital Corporation

By: /s/ M. Grier Eliasek

Name: M. Grier Eliasek

Title: Chief Operating Officer

Date: May 7, 2026

## Index to Exhibits

| Exhibit<br>Number    | Description                                      |
|----------------------|--------------------------------------------------|
| <a href="#">99.1</a> | <a href="#">Press Release, dated May 7, 2026</a> |



## Prospect Capital Announces March 2026 Results

NEW YORK, May 7, 2026 (GLOBE NEWSWIRE) – Prospect Capital Corporation (NASDAQ: PSEC) (“Prospect”, “our”, or “we”) today announced financial results for our fiscal quarter ended March 31, 2026.

### FINANCIAL RESULTS

| <i>All amounts in \$000's except<br/>per share amounts (on weighted average<br/>basis for period numbers)</i> | <b>Quarter Ended<br/>March 31, 2026</b> | <b>Quarter Ended<br/>December 31, 2025</b> | <b>Quarter Ended<br/>March 31, 2025</b> |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------|-----------------------------------------|
| Net Investment Income (“NII”)                                                                                 | \$78,457                                | \$90,888                                   | \$83,489                                |
| NII per Common Share                                                                                          | \$0.16                                  | \$0.19                                     | \$0.19                                  |
| Interest as % of Total Investment Income                                                                      | 93.4%                                   | 84.7%                                      | 93.3%                                   |
| Net Income (Loss) Applicable to Common Shareholders                                                           | \$26,408                                | \$(6,576)                                  | \$(171,331)                             |
| Net Income (Loss) per Common Share                                                                            | \$0.05                                  | \$(0.01)                                   | \$(0.39)                                |
| Distributions to Common Shareholders                                                                          | \$65,421                                | \$63,894                                   | \$59,966                                |
| Distributions per Common Share                                                                                | \$0.135                                 | \$0.135                                    | \$0.135                                 |
| Cumulative Paid and Declared Distributions to Common Shareholders <sup>(1)</sup>                              | \$4,770,919                             | \$4,699,764                                | \$4,527,079                             |
| Cumulative Paid and Declared Distributions per Common Share <sup>(1)</sup>                                    | \$22.07                                 | \$21.93                                    | \$21.57                                 |
| Total Assets                                                                                                  | \$6,383,972                             | \$6,534,578                                | \$6,996,312                             |
| Total Liabilities                                                                                             | \$1,816,573                             | \$1,952,326                                | \$2,118,522                             |
| Perpetual Preferred Stock                                                                                     | \$1,613,772                             | \$1,623,497                                | \$1,632,426                             |
| Net Asset Value (“NAV”) to Common Shareholders                                                                | \$2,953,627                             | \$2,958,755                                | \$3,245,364                             |
| NAV per Common Share                                                                                          | \$6.05                                  | \$6.21                                     | \$7.25                                  |
| Balance Sheet Cash + Undrawn Revolving Credit Facility Commitments                                            | \$1,752,375                             | \$1,647,216                                | \$1,716,035                             |
| Net of Cash Debt to Total Assets                                                                              | 27.0%                                   | 28.2%                                      | 28.7%                                   |
| Net of Cash Debt to Total Equity Ratio <sup>(2)</sup>                                                         | 37.6%                                   | 39.9%                                      | 40.8%                                   |
| Net of Cash Asset Coverage of Debt Ratio <sup>(2)</sup>                                                       | 366%                                    | 350%                                       | 345%                                    |
| Interest Coverage <sup>(3)</sup>                                                                              | 356%                                    | 426%                                       | 343%                                    |
| Unsecured Debt + Perpetual Preferred Equity as % of Total Debt + Perpetual Preferred Equity                   | 88.0%                                   | 85.3%                                      | 87.5%                                   |
| Unsecured and Non-Recourse Debt as % of Total Debt                                                            | 100.0%                                  | 100.0%                                     | 100.0%                                  |

(1) Declared dividends are through the August 2026 distribution. May 2026 through August 2026 distributions are estimated based on shares outstanding as of 5/6/2026.

(2) Including our perpetual preferred stock as equity.

(3) Calculated as (Net Investment Income + Interest Expense + Incentive Fees) / Interest Expense.

## CASH COMMON SHAREHOLDER DISTRIBUTION DECLARATION

Prospect is declaring distributions to common shareholders as follows:

| Monthly Cash Common Shareholder Distribution | Record Date | Payment Date | Amount (\$ per share) |
|----------------------------------------------|-------------|--------------|-----------------------|
| May 2026                                     | 5/27/2026   | 6/18/2026    | \$0.0350              |
| June 2026                                    | 6/26/2026   | 7/22/2026    | \$0.0350              |
| July 2026                                    | 7/29/2026   | 8/20/2026    | \$0.0350              |
| August 2026                                  | 8/27/2026   | 9/17/2026    | \$0.0350              |

Taking into account past distributions and our current share count for declared distributions, since inception through our August 2026 declared distribution, Prospect will have distributed \$22.07 per share to original common shareholders, aggregating approximately \$4.8 billion in cumulative distributions to all common shareholders.

Since Prospect's initial public offering in July 2004 through March 31, 2026, Prospect has invested over \$22 billion in more than 450 investments, exiting over 350 of these investments.

Since Prospect's initial public offering in July 2004 through March 31, 2026, Prospect's exited investments resulted in an investment level exited gross internal rate of return ("IRR") of approximately 12% (based on total capital invested of approximately \$13.4 billion and total proceeds from such exited investments of approximately \$17.1 billion).

In Prospect's primary business of middle market lending since 2004, Prospect's exited investments resulted in an investment level exited gross IRR of approximately 14.4% (based on total capital invested of approximately \$11.4 billion and total proceeds from such exited investments of approximately \$14.7 billion), with an annualized realized loss rate of 0.2%.

In Prospect's core targeted business of middle market lending to companies with less than \$50 million of EBITDA since 2004, Prospect's exited investments resulted in an investment level exited gross IRR of approximately 16.9% (based on total capital invested of approximately \$6.5 billion and total proceeds from such exiting investments of approximately \$8.6 billion), with an annualized net realized loss rate of 0.1%.

Prospect's EBITDA to interest coverage for our primary business of middle market lending is approximately 205%, which grows to approximately 230% for Prospect's core targeted middle market lending to companies with less than \$50 million of EBITDA.

| <b>Middle-Market Lending Track Record</b>                                       | <b>Overall</b>        | <b>&lt; \$50 Million<br/>EBITDA</b> | <b>&gt; \$50 Million<br/>EBITDA</b> |
|---------------------------------------------------------------------------------|-----------------------|-------------------------------------|-------------------------------------|
| Investments                                                                     | 362                   | 201                                 | 161                                 |
| Total Capital Invested                                                          | \$17.3 billion        | \$9.8 billion                       | \$7.5 billion                       |
| Total Proceeds                                                                  | \$19.1 billion        | \$10.9 billion                      | \$8.2 billion                       |
| Amount Remaining <sup>(1)</sup>                                                 | \$5.2 billion         | \$2.9 billion                       | \$2.3 billion                       |
| <b>Total</b>                                                                    | <b>\$24.3 billion</b> | <b>\$13.8 billion</b>               | <b>\$10.5 billion</b>               |
|                                                                                 |                       |                                     |                                     |
| <b>Exited Track Record Since Inception</b>                                      |                       |                                     |                                     |
| Investments                                                                     | 292                   | 161                                 | 131                                 |
| Total Capital Invested                                                          | \$11.4 billion        | \$6.5 billion                       | \$4.9 billion                       |
| Total Proceeds                                                                  | \$14.7 billion        | \$8.6 billion                       | \$6.1 billion                       |
| <b>Exited Gross IRR<sup>(2)</sup></b>                                           | <b>14.4%</b>          | <b>16.9%</b>                        | <b>10.4%</b>                        |
| <b>Annualized Net Realized Loss Rate<sup>(3)</sup></b>                          | <b>0.2%</b>           | <b>0.1%</b>                         | <b>0.4%</b>                         |
| <b>Middle Market Lending Portfolio Cash<br/>Interest Coverage<sup>(4)</sup></b> | <b>205%</b>           | <b>230%</b>                         | <b>165%</b>                         |

<sup>(1)</sup> Amount remaining represents the fair value of investments and any additional interest receivable, net.

- (2) See "Internal Rate of Return" definition.
- (3) See "Annualized Net Realized Loss Rate" definition.
- (4) See "Middle Market Lending Portfolio Company EBITDA and Cash Interest Coverage".

Drivers focused on optimizing our business include:

(1) rotation of assets into and increased focus on our core business of first lien senior secured middle market loans (with our first lien mix increasing 790 basis points to 72.0% (based on cost) from June 2024), with selected equity linked investments, focusing on new investments in companies with less than \$50 million of EBITDA, including companies with smaller funded private equity sponsors, independent sponsors, and no third party financial sponsors;

(2) reduction in our second lien senior secured middle market loans (with our second lien mix decreasing 404 basis points to 12.4% (based on cost) from June 2024);

(3) exit of our subordinated structured notes portfolio (with our subordinated structured notes mix decreasing 837 basis points to 0.0% (based on cost) from June 2024);

(4) exit of targeted equity linked assets, including real estate properties (with five additional properties sold in the current fiscal year through March 2026) and certain corporate investments (such as the exit of Echelon Transportation, LLC in February 2026), with other potential exits targeted and in process;

(5) enhancement of portfolio company operating performance and profitability, including through adoption of AI and automation initiatives focused on enhancing revenues and producing cost efficiencies; and

(6) utilization of our cost effective floating rate revolver (which significantly matches our majority floating rate assets).

In our middle market lending strategy, which represented 85% of our investments at cost as of March 31, 2026, we continued our focus on first lien senior secured loans during the quarter. Middle market investments comprised 94% of our \$115.3 million of originations during the March 2026 quarter. Investments during the quarter included follow-on investments in existing portfolio companies to support acquisitions, working capital needs, organic growth initiatives, and other objectives.

As of March 31, 2026, our portfolio included 2.5% (based on fair market value) of investments in software companies, significantly lower than the 23% average across business development companies with publicly traded unsecured bonds included in a February 2, 2026 Barclays fixed income research report.

Our real estate property portfolio at National Property REIT Corp. ("NPRC") totaled 14.3% of our investments at cost as of March 31, 2026 and continued its focus on already developed and occupied cash flow multifamily investments. Since the inception of this strategy in 2012 and through March 31, 2026, we have exited 57 property investments that have earned an unlevered investment-level gross cash IRR of 24% and cash on cash multiple of 2.4 times. We exited five property investments in the current fiscal year through March 31, 2026 that earned an unlevered investment-level gross cash IRR of 18% and cash on cash multiple of 2.3 times. NPRC has multiple additional properties considering various stages of sale processes. The remaining real estate property portfolio as of March 31, 2026 included 53 properties and paid us an income yield of 5.2% for the quarter ended March 31, 2026. These properties provide from time to time opportunities to exit certain such investments and recycle into more and higher yielding first lien senior secured loans with selected equity linked investments. Our aggregate investment in NPRC included a \$229 million unrealized gain as of March 31, 2026.

Our senior management team and employees own 27.5% of all common shares outstanding or approximately \$0.8 billion of our common equity as measured at NAV.

## PORTFOLIO UPDATE AND INVESTMENT ACTIVITY

| All amounts in \$000's except<br>per unit amounts     | As of<br>March 31, 2026 | As of<br>December 31, 2025 | As of<br>March 31, 2025 |
|-------------------------------------------------------|-------------------------|----------------------------|-------------------------|
|                                                       |                         |                            |                         |
| Total Investments <sup>(1)</sup>                      | \$6,192,901             | \$6,389,615                | \$6,955,011             |
| Total Investments <sup>(2)</sup>                      | \$6,302,465             | \$6,441,536                | \$6,901,364             |
| Number of Portfolio Companies                         | 89                      | 91                         | 114                     |
| Number of Industries                                  | 31                      | 32                         | 33                      |
|                                                       |                         |                            |                         |
| First Lien Debt                                       | 72.0%                   | 71.4%                      | 67.7%                   |
| Second Lien Debt                                      | <u>12.4%</u>            | <u>12.7%</u>               | <u>13.6%</u>            |
| Total Senior and Secured Debt                         | 84.4%                   | 84.1%                      | 81.3%                   |
| Unsecured Debt                                        | 0.1%                    | 0.1%                       | 0.1%                    |
| Subordinated Structured Notes                         | —%                      | 0.2%                       | 5.9%                    |
| Equity Investments                                    | <u>15.5%</u>            | <u>15.6%</u>               | <u>12.7%</u>            |
| Total Investments <sup>(1)</sup>                      | 100.0%                  | 100.0%                     | 100.0%                  |
|                                                       |                         |                            |                         |
| First Lien Debt                                       | 66.9%                   | 67.0%                      | 65.5%                   |
| Second Lien Debt                                      | <u>9.4%</u>             | <u>9.9%</u>                | <u>10.5%</u>            |
| Total Senior and Secured Debt                         | 76.3%                   | 76.9%                      | 76.0%                   |
| Unsecured Debt                                        | 0.1%                    | 0.1%                       | 0.1%                    |
| Subordinated Structured Notes                         | 0.1%                    | 0.2%                       | 4.2%                    |
| Equity Investments                                    | <u>23.5%</u>            | <u>22.8%</u>               | <u>19.7%</u>            |
| Total Investments <sup>(2)</sup>                      | 100.0%                  | 100.0%                     | 100.0%                  |
|                                                       |                         |                            |                         |
| Non-Accrual Loans as % of Total Assets <sup>(2)</sup> | 0.7%                    | 0.7%                       | 0.6%                    |

<sup>(1)</sup> Calculated at cost.

<sup>(2)</sup> Calculated at fair value.

During the December 2025 and March 2026 quarters, investment originations (including follow on investments in existing portfolio companies) and repayments were as follows:

| All amounts in \$000's                    | Quarter Ended<br>March 31, 2026 | Quarter Ended<br>December 31, 2025 |
|-------------------------------------------|---------------------------------|------------------------------------|
|                                           |                                 |                                    |
| Total Originations                        | \$115,276                       | \$80,434                           |
|                                           |                                 |                                    |
| Middle-Market                             | 94.2%                           | 100.0%                             |
| Real Estate                               | 5.4%                            | —%                                 |
| Other                                     | 0.4%                            | —%                                 |
|                                           |                                 |                                    |
| Total Repayments and Sales                | \$222,242                       | \$79,266                           |
|                                           |                                 |                                    |
| Originations, Net of Repayments and Sales | \$(106,966)                     | \$1,168                            |
|                                           |                                 |                                    |

For additional disclosure see “Primary Origination Strategies” at the end of this release.

## ARTIFICIAL INTELLIGENCE AND AUTOMATION INITIATIVES

Prospect, together with affiliates, and including portfolio company executives and external advisors, has a broad and deep cross-functional team that includes software and information technology engineers, portfolio company operations professionals, and other individuals focused on bringing best practice artificial intelligence (“AI”) and automation initiatives to both Prospect’s operations and that of its portfolio companies, especially those companies where Prospect holds not just senior secured debt but also equity, whereby Prospect can capture economic upside from profit enhancements (including both revenue increase projects as well as cost efficiency projects) in such businesses. Examples of portfolio company use cases include:

- First Tower using AI and machine learning to improve credit scoring and decisioning (further reducing loss rates and expanding approvals to additional creditworthy borrowers) and target pre-qualified prospects (with cross-sell and re-borrow opportunities) in addition to various ongoing AI projects designed to deploy customer service agents, automate collections communications, and detect fraud;
- Town & Country deploying AI across the business to drive both cost savings and growth. On cost, the company is using AI to research and dispute chargebacks with large retail customers and to automate support functions including order entry, accounts payable, and accounts receivable, as well as product design and setup. On growth, Town & Country is developing an AI-powered lead generation engine and sales agent to sell excess inventory. The company is also optimizing inventory and demand planning, progressing toward planner-less planning;
- InterDent executing on AI initiatives for diagnostic imaging patient treatment plans, clinician automatic credentialing, revenue cycle management collection improvement, recruiting (reducing time to fill), call center efficiency/effectiveness boosting, and other projects;
- Pacific World using AI for consumer insight testing for new product development, optimizing accounts receivable collections review and dispute processes, and other use cases in progress; and
- Ubique working on adopting AI for various use cases including: enhancing business to business sales via agentic outreach and market demographic analysis, unifying fragmented supply chain data, closing online content versus image gaps, creating accelerated customer quotes, planning benchmark competitive features and other projects.

“Prospect is actively assessing and implementing the best use cases for artificial intelligence and automation within our critical business processes, including both within our investment processes as well as at the portfolio company operational level,” said John Barry, Prospect Chairman and Chief Executive Officer. “We view AI as the most transformational game changer to come along in a generation, and we expect significant profit enhancing results within our businesses. Prospect has a long history of innovation and first to market accomplishments in the business development company industry, and our embracing of AI and automation is consistent with that innovative culture.”

## CAPITAL AND LIQUIDITY

Our multi-year, long-term ladder and diversified historical funding profile over our more than 21 year history has included our current \$2.1 billion revolver (aggregate commitments with 48 current lenders), program notes, institutional bonds, convertible bonds, listed preferred stock, and program preferred stock. We have retired multiple upcoming maturities, including repurchasing \$35 million of our next institutional bond maturity, leaving \$265.2 million due in November 2026.

On October 30, 2025, we successfully completed the institutional issuance of approximately \$167.6 million in aggregate principal amount of senior unsecured 5.5% Series A Notes due 2030 (the "Notes"), which mature on December 31, 2030.

Our unfunded eligible commitments to portfolio companies aggregate approximately \$27.7 million, of which \$16.7 million is considered at our sole discretion, representing 0.4% and 0.3% of our total assets as of March 31, 2026, respectively.

| All amounts in \$000's                                                                            | As of<br>March 31, 2026 | As of<br>December 31, 2025 |
|---------------------------------------------------------------------------------------------------|-------------------------|----------------------------|
| Net of Cash Debt to Total Assets Ratio                                                            | 27.0%                   | 28.2%                      |
| Net of Cash Debt to Total Equity Ratio <sup>(1)</sup>                                             | 37.6%                   | 39.9%                      |
| % of Interest-Bearing Assets at Floating Rates                                                    | 74.3%                   | 75.3%                      |
| Unsecured Debt + Perpetual Preferred Equity<br>as % of Total Debt + Perpetual Preferred<br>Equity | 88.0%                   | 85.3%                      |
|                                                                                                   |                         |                            |
| Balance Sheet Cash + Undrawn Revolving<br>Credit Facility Commitments                             | \$1,752,375             | \$1,647,216                |
|                                                                                                   |                         |                            |
| Unencumbered Assets                                                                               | \$4,177,553             | \$4,194,628                |
| % of Total Assets                                                                                 | 65.4%                   | 64.2%                      |

<sup>(1)</sup> Including our perpetual preferred stock as equity.

We currently have three separate unsecured debt issuances aggregating approximately \$717.4 million outstanding, not including our program notes, with ladder maturities extending through December 2030. At March 31, 2026, \$629.9 million of program notes were outstanding with ladder maturities through March 2025.

At March 31, 2026 our weighted average cost of unsecured debt financing was 4.71%.

We have raised significant capital from our existing perpetual preferred stock offering programs. The perpetual preferred stock provides Prospect with a diversified source of programmatic capital without creating scheduled amortization or maturity risk as we benefit from multiple perpetual preferred tranches.

## **DIVIDEND REINVESTMENT PLAN**

We have adopted a dividend reinvestment plan (also known as our “DRIP”) that provides for reinvestment of our distributions on behalf of our shareholders, unless a shareholder elects to receive cash. On April 17, 2020, our board of directors approved amendments to the Company’s DRIP, effective May 21, 2020. These amendments principally provide for the number of newly-issued shares pursuant to the DRIP to be determined by dividing (i) the total dollar amount of the distribution payable by (ii) 95% of the closing market price per share of our stock on the valuation date of the distribution (providing a 5% discount to the market price of our common stock), a benefit to shareholders who participate.

### **HOW TO PARTICIPATE IN OUR DIVIDEND REINVESTMENT PLAN**

#### **Shares held with a broker or financial institution**

Many shareholders have been automatically “opted out” of our DRIP by their brokers. Even if you have elected to automatically reinvest your PSEC stock with your broker, your broker may have “opted out” of our DRIP (which utilizes DTC’s dividend reinvestment service), and you may therefore not be receiving the 5% pricing discount. Shareholders interested in participating in our DRIP to receive the 5% discount should contact their brokers to make sure each such DRIP participation election has been made through DTC. In making such DRIP election, each shareholder should specify to one’s broker the desire to participate in the “*Prospect Capital Corporation DRIP through DTC*” that issues shares based on 95% of the market price (a 5% discount to the market price) and not the broker’s own “synthetic DRIP” plan (if any) that offers no such discount. Each shareholder should not assume one’s broker will automatically place such shareholder in our DRIP through DTC. Each shareholder will need to make this election proactively with one’s broker or risk not receiving the 5% discount. Each shareholder may also consult with a representative of such shareholder’s broker to request that the number of shares the shareholder wishes to enroll in our DRIP be re-registered by the broker in the shareholder’s own name as record owner in order to participate directly in our DRIP.

#### **Shares registered directly with our transfer agent**

If a shareholder holds shares registered in the shareholder’s own name with our transfer agent (less than 0.1% of our shareholders hold shares this way) and wants to make a change to how the shareholder receives dividends, please contact our plan administrator, Equiniti Trust Company, LLC by calling (888) 888-0313 or by mailing Equiniti Trust Company LLC, PO Box 10027, Newark, New Jersey 07101.

## **EARNINGS CONFERENCE CALL**

Prospect will host an earnings call on Friday, May 8, 2026 at 9:00 a.m. Eastern Time. Dial **888-338-7333**. For a replay after May 8, 2026 visit [www.prospectstreet.com](http://www.prospectstreet.com) or call 855-669-9658 with passcode 1182378.



**PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**  
(in thousands, except share and per share data)

|                                                                                                                                                                                 | <u>March 31, 2026</u> | <u>June 30, 2025</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                                                                                                                                 | (Unaudited)           |                      |
| <b>Assets</b>                                                                                                                                                                   |                       |                      |
| Investments at fair value:                                                                                                                                                      |                       |                      |
| Control investments (amortized cost of \$3,310,666 and \$3,416,244, respectively)                                                                                               | \$ 3,679,145          | \$ 3,696,367         |
| Affiliate investments (amortized cost of \$12,835 and \$11,735, respectively)                                                                                                   | 36,438                | 27,057               |
| Non-control/non-affiliate investments (amortized cost of \$2,869,400 and \$3,265,522, respectively)                                                                             | 2,586,882             | 2,950,092            |
| Total investments at fair value (amortized cost of \$6,192,901 and \$6,693,501, respectively)                                                                                   | 6,302,465             | 6,673,516            |
| Cash and cash equivalents (restricted cash of \$2,019 and \$4,282, respectively)                                                                                                | 34,586                | 50,788               |
| Receivables for:                                                                                                                                                                |                       |                      |
| Interest, net                                                                                                                                                                   | 21,306                | 25,144               |
| Other                                                                                                                                                                           | 3,363                 | 1,642                |
| Deferred financing costs on Revolving Credit Facility                                                                                                                           | 15,304                | 18,842               |
| Due from Prospect Administration                                                                                                                                                | 3,057                 | —                    |
| Derivative Assets, at fair value                                                                                                                                                | 1,951                 | —                    |
| Prepaid expenses                                                                                                                                                                | 1,851                 | 1,488                |
| Due from Affiliate                                                                                                                                                              | 57                    | 125                  |
| Due from broker                                                                                                                                                                 | 32                    | 33,393               |
| <b>Total Assets</b>                                                                                                                                                             | <u>6,383,972</u>      | <u>6,804,938</u>     |
| <b>Liabilities</b>                                                                                                                                                              |                       |                      |
| Revolving Credit Facility                                                                                                                                                       | 403,711               | 856,322              |
| Public Notes (less unamortized discount and debt issuance costs of \$11,466 and \$6,556, respectively)                                                                          | 705,968               | 593,444              |
| Prospect Capital InterNotes® (less unamortized debt issuance costs of \$7,662 and \$8,687, respectively)                                                                        | 622,284               | 638,545              |
| Due to Prospect Capital Management                                                                                                                                              | 34,596                | 41,757               |
| Dividends payable                                                                                                                                                               | 22,271                | 28,836               |
| Interest payable                                                                                                                                                                | 18,350                | 15,116               |
| Due to broker                                                                                                                                                                   | 3,109                 | 5,639                |
| Accrued expenses                                                                                                                                                                | 3,071                 | 3,490                |
| Due to Prospect Administration                                                                                                                                                  | —                     | 2,602                |
| Other liabilities                                                                                                                                                               | 3,213                 | 515                  |
| <b>Total Liabilities</b>                                                                                                                                                        | <u>1,816,573</u>      | <u>2,186,266</u>     |
| Commitments and Contingencies                                                                                                                                                   |                       |                      |
| Preferred Stock, par value \$0.001 per share (833,203,464 and 836,490,792 shares of preferred stock authorized; 70,150,332 and 70,915,937 issued and outstanding, respectively) | 1,613,772             | 1,629,900            |
| <b>Net Assets Applicable to Common Shares</b>                                                                                                                                   | <u>\$ 2,953,627</u>   | <u>\$ 2,988,772</u>  |
| <b>Components of Net Assets Applicable to Common Shares and Net Assets, respectively</b>                                                                                        |                       |                      |
| Common stock, par value \$0.001 per share (1,166,796,536 and 1,163,509,208 common shares authorized; 488,029,036 and 455,902,826 issued and outstanding, respectively)          | 488                   | 456                  |
| Paid-in capital in excess of par                                                                                                                                                | 4,332,850             | 4,242,196            |
| Accumulated other comprehensive income (loss)                                                                                                                                   | (2,042)               | —                    |
| Distributions in excess of earnings                                                                                                                                             | (1,377,669)           | (1,253,880)          |
| <b>Net Assets Applicable to Common Shares</b>                                                                                                                                   | <u>\$ 2,953,627</u>   | <u>\$ 2,988,772</u>  |
| <b>Net Asset Value Per Common Share</b>                                                                                                                                         | <u>\$ 6.05</u>        | <u>\$ 6.56</u>       |

**PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except share and per share data)

(Unaudited)

|                                                                                  | Three Months Ended March 31, |           | Nine Months Ended March 31, |            |
|----------------------------------------------------------------------------------|------------------------------|-----------|-----------------------------|------------|
|                                                                                  | 2026                         | 2025      | 2026                        | 2025       |
| <b>Investment Income</b>                                                         |                              |           |                             |            |
| Interest income (excluding payment-in-kind ("PIK") interest income):             |                              |           |                             |            |
| Control investments                                                              | \$ 56,217                    | \$ 60,584 | \$ 173,762                  | \$ 170,352 |
| Non-control/non-affiliate investments                                            | 66,855                       | 75,874    | 220,192                     | 257,943    |
| Structured credit securities                                                     | —                            | 3,272     | —                           | 11,505     |
| Total interest income (excluding PIK interest income)                            | 123,072                      | 139,730   | 393,954                     | 439,800    |
| PIK interest income:                                                             |                              |           |                             |            |
| Control investments                                                              | 12,847                       | 8,915     | 37,131                      | 42,509     |
| Non-control/non-affiliate investments                                            | 4,208                        | 10,611    | 10,484                      | 30,360     |
| Total PIK Interest Income                                                        | 17,055                       | 19,526    | 47,615                      | 72,869     |
| Total interest income                                                            | 140,127                      | 159,256   | 441,569                     | 512,669    |
| Dividend income:                                                                 |                              |           |                             |            |
| Control investments                                                              | 6,349                        | 4,387     | 24,264                      | 8,774      |
| Affiliate investments                                                            | —                            | —         | 985                         | 141        |
| Non-control/non-affiliate investments                                            | 1,745                        | 3,366     | 10,402                      | 8,209      |
| Total dividend income                                                            | 8,094                        | 7,753     | 35,651                      | 17,124     |
| Other income:                                                                    |                              |           |                             |            |
| Control investments                                                              | 322                          | 416       | 1,068                       | 15,799     |
| Non-control/non-affiliate investments                                            | 1,524                        | 3,291     | 5,405                       | 6,898      |
| Total other income                                                               | 1,846                        | 3,707     | 6,473                       | 22,697     |
| <b>Total Investment Income</b>                                                   | 150,067                      | 170,716   | 483,693                     | 552,490    |
| <b>Operating Expenses</b>                                                        |                              |           |                             |            |
| Base management fee                                                              | 32,304                       | 35,578    | 98,853                      | 111,253    |
| Income incentive fee                                                             | 2,300                        | 4,207     | 19,569                      | 33,519     |
| Interest and credit facility expenses                                            | 31,536                       | 36,151    | 98,013                      | 113,890    |
| Allocation of overhead from Prospect Administration                              | 5,523                        | 5,318     | 16,570                      | 16,734     |
| Audit, compliance and tax related fees                                           | 498                          | 583       | 1,158                       | 2,383      |
| Directors' fees                                                                  | 150                          | 150       | 450                         | 450        |
| Other general and administrative expenses                                        | 4,799                        | 5,240     | 13,754                      | 14,464     |
| <b>Total Operating Expenses</b>                                                  | 77,110                       | 87,227    | 234,998                     | 292,693    |
| Reimbursement of Administration Expenses                                         | (5,500)                      | —         | (13,369)                    | —          |
| <b>Total Net Operating Expenses</b>                                              | 71,610                       | 87,227    | 234,998                     | 292,693    |
| <b>Net Investment Income</b>                                                     | 78,457                       | 83,489    | 248,695                     | 259,797    |
| <b>Net Realized and Net Change in Unrealized Gains (Losses) from Investments</b> |                              |           |                             |            |
| Net realized gains (losses)                                                      |                              |           |                             |            |
| Control investments                                                              | (49,442)                     | 4         | (114,811)                   | 6,374      |
| Non-control/non-affiliate investments                                            | (29,671)                     | (63,184)  | (107,496)                   | (216,577)  |
| Net realized gains (losses)                                                      | (79,113)                     | (63,180)  | (222,307)                   | (210,203)  |
| Net change in unrealized gains (losses)                                          |                              |           |                             |            |
| Control investments                                                              | 37,058                       | (73,292)  | 88,356                      | (217,121)  |

**PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except share and per share data)

(Unaudited) (Continued)

|                                                                                                          | Three Months Ended March 31, |                     | Nine Months Ended March 31, |                     |
|----------------------------------------------------------------------------------------------------------|------------------------------|---------------------|-----------------------------|---------------------|
|                                                                                                          | 2026                         | 2025                | 2026                        | 2025                |
| Affiliate investments                                                                                    | 2,535                        | 2,481               | 8,281                       | 4,483               |
| Non-control/non-affiliate investments                                                                    | 18,049                       | (90,058)            | 32,911                      | (112,078)           |
| Net change in unrealized gains (losses)                                                                  | 57,642                       | (160,869)           | 129,548                     | (324,716)           |
| <b>Net Realized and Net Change in Unrealized Gains (Losses) from Investments</b>                         | (21,471)                     | (224,049)           | (92,759)                    | (534,919)           |
| Net realized gains (losses) on extinguishment of debt                                                    | (86)                         | 644                 | 2,733                       | 1,128               |
| Net realized gains (losses) from derivative instruments and foreign currency transactions                | (474)                        | —                   | (698)                       | —                   |
| Net change in unrealized gains (losses) from derivative instruments and foreign currency transactions    | 53                           | —                   | 208                         | —                   |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>                                   | 56,479                       | (139,916)           | 158,179                     | (273,994)           |
| Preferred Stock dividends                                                                                | (26,702)                     | (26,698)            | (80,209)                    | (80,083)            |
| Net gain (loss) on redemptions of Preferred Stock                                                        | (1,618)                      | (1,586)             | (4,329)                     | (188)               |
| Gain (loss) on Accretion to Redemption Value of Preferred Stock                                          | (1,751)                      | (3,131)             | (5,722)                     | (13,128)            |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations applicable to Common Stockholders</b> | <u>\$ 26,408</u>             | <u>\$ (171,331)</u> | <u>\$ 67,919</u>            | <u>\$ (367,393)</u> |

**PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES**  
**ROLLFORWARD OF NET ASSET VALUE PER COMMON SHARE**  
(in actual dollars)

|                                                                           | Three Months Ended<br>March 31, |                               | Nine Months Ended<br>March 31, |                               |
|---------------------------------------------------------------------------|---------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                           | 2026                            | 2025                          | 2026                           | 2025                          |
| <b>Per Share Data<sup>(10)</sup></b>                                      |                                 |                               |                                |                               |
| Net asset value per common share at beginning of period                   | \$ 6.21                         | \$ 7.84                       | \$ 6.56                        | \$ 8.74                       |
| Net investment income                                                     | 0.16                            | 0.19                          | 0.53                           | 0.60                          |
| Net realized and change in unrealized gains (losses) <sup>(1)</sup>       | (0.05)                          | (0.51)                        | (0.22)                         | (1.25)                        |
| Net increase (decrease) from operations <sup>(10)</sup>                   | 0.11                            | (0.33) <sup>(7)</sup>         | 0.31 <sup>(7)</sup>            | (0.66) <sup>(7)</sup>         |
| Distributions of net investment income to preferred stockholders          | (0.06) <sup>(4)</sup>           | (0.06) <sup>(3)</sup>         | (0.17) <sup>(4)</sup>          | (0.18) <sup>(3)</sup>         |
| Total distributions to preferred stockholders <sup>(10)</sup>             | (0.06)                          | (0.06)                        | (0.17)                         | (0.18)                        |
| Net increase (decrease) from operations applicable to common stockholders | 0.05                            | (0.39)                        | 0.14                           | (0.84)                        |
| Distributions of net investment income to common stockholders             | (0.14) <sup>(4)</sup>           | (0.14) <sup>(3)</sup>         | (0.41) <sup>(4)</sup>          | (0.45) <sup>(3)(6)</sup>      |
| Return of capital to common stockholders                                  | — <sup>(4)</sup>                | — <sup>(3)</sup>              | — <sup>(4)</sup>               | (0.02) <sup>(3)(6)</sup>      |
| Total distributions to common stockholders                                | (0.14)                          | (0.14)                        | (0.41)                         | (0.47)                        |
| Effect of other comprehensive income <sup>(8)</sup>                       | — <sup>(9)</sup>                | —                             | — <sup>(9)</sup>               | —                             |
| Common stock transactions <sup>(2)</sup>                                  | (0.08)                          | (0.08)                        | (0.25)                         | (0.21)                        |
| Net asset value per common share at end of period                         | <u>\$ 6.05</u> <sup>(7)</sup>   | <u>\$ 7.25</u> <sup>(7)</sup> | <u>\$ 6.05</u>                 | <u>\$ 7.25</u> <sup>(7)</sup> |

- (1) Realized gains (losses) is inclusive of net realized losses (gains) on investments, realized losses (gains) from extinguishment of debt, realized gains (losses) on derivative instruments and foreign currency transactions, and realized gains (losses) from the repurchases and redemptions of preferred stock.
- (2) Common stock transactions include the effect of our issuance of common stock in public offerings (net of underwriting and offering costs), shares issued in connection with our common stock dividend reinvestment plan, common shares issued to acquire investments, common shares repurchased below net asset value pursuant to our Repurchase Program, and common shares issued pursuant to the Holder Optional Conversion of our 5.50% Preferred Stock and 6.50% Preferred Stock.
- (3) Tax character of distributions is not yet finalized for the respective fiscal period and will not be finalized until we file our tax return for our tax year ending August 31, 2025.
- (4) Tax character of distributions is not yet finalized for the respective fiscal period and will not be finalized until we file our tax return for our tax year ending August 31, 2026.
- (5) Diluted net increase from operations applicable to common stockholders was \$0.05 for the three months ended March 31, 2026. Diluted net decrease from operations applicable to common stockholders was \$0.39 for the three months ended March 31, 2025. Diluted net increase from operations applicable to common stockholders was \$0.14 for the nine months ended March 31, 2026. Diluted net decrease from operations applicable to common stockholders was \$0.84 for the nine months ended March 31, 2025.
- (6) The amounts reflected for the respective fiscal periods were updated based on tax information received subsequent to our Form 10-Q filing for March 31, 2025. Certain reclassifications have been made in the presentation of prior period amounts.
- (7) Does not foot due to rounding.
- (8) Effect of other comprehensive income is related to income/(loss) deemed attributable to instrument specific credit risk derived from changes in fair value associated with liabilities valued under the fair value option (ASC 825.)
- (9) Effect is less than \$0.01 per share.
- (10) Per share data amount is based on the basic weighted average number of common shares outstanding for the year/period presented (except for dividends to stockholders which is based on actual rate per share).

## **INTERNAL RATE OF RETURN**

Internal Rate of Return (“IRR”) is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. IRR is gross of general expenses not related to specific investments as these expenses are not allocable to specific investments. Investments are considered to be exited when the original investment objective has been achieved through the receipt of cash and/or non-cash consideration upon the repayment of a debt investment or sale of an investment or through the determination that no further consideration was collectible and, thus, a loss may have been realized. Prospect’s gross IRR calculations are unaudited. Information regarding internal rates of return are historical results relating to Prospect’s past performance and are not necessarily indicative of future results, the achievement of which cannot be assured.

All track record data herein is as of 3/31/2026, unless otherwise noted. Middle-market lending track record segmentation by EBITDA represents EBITDA at the date of initial investment.

## **ANNUALIZED NET REALIZED LOSS RATE**

Annualized net realized loss rate defined as realized gains/(losses) on investments as a percentage of total invested capital since inception, divided by the number of years since inception for the respective investments. Numbers may not add up to precise totals due to rounding.

## **PRIMARY ORIGATION STRATEGIES**

Our primary investment strategy is investing in private, middle-market companies in the U.S. in need of capital for refinancings, acquisitions, capital expenditures, growth initiatives, recapitalizations and other purposes. Typically, we focus on making investments in middle-market companies with annual revenues of less than \$750 million and enterprise values of less than \$1 billion. These private, middle-market companies are primarily owned by private equity funded and independent sponsors or us, as well as by a portfolio company’s management team, founder(s), or other investors. Our typical investment involves a senior and secured loan of less than \$250 million.

Our investments in senior and secured loans are generally senior debt instruments that rank ahead of unsecured debt and equity of a given portfolio company. These loans also have the benefit of security interests on assets of the applicable portfolio company, which often rank ahead of any other security interests. We also make equity and equity-linked investments with capital-appreciation potential (such as senior and secured convertible debt, preferred equity, common equity and warrants).

We also invest a lesser amount of our assets in senior and secured debt and controlling equity positions in real estate investment trusts (“REIT” or “REITs”). The real estate investments of National Property REIT Corp. (“NPRC”) are in various classes of developed and occupied real estate properties that generate current yields, including multi-family properties and other tenant-diversified properties; historically, NPRC made investments in structured credit (primarily debt tranches). We historically invested in structured credit (primarily equity tranches).

We may also invest in other strategies and opportunities from time to time that the Investment Adviser views as attractive. The Investment Adviser may continue to evaluate other origination strategies in the ordinary course of business with no specific top-down allocation to any single origination strategy.

We directly originate the significant majority of our investments through our long-term relationships with private equity funded and independent sponsors, financial intermediaries, and management teams, as well as other sources. We seek to maximize returns, including both current yield and capital-appreciation potential, and minimize risk for our investors by applying rigorous credit and other analyses and cash-flow and asset-based lending techniques to originate, close, and monitor our investments.

We are consistently pursuing multiple investment opportunities. There can be no assurance that we will successfully consummate any investment opportunity we pursue. If any of these opportunities are consummated, there can be no assurance that investors will share our view of valuation or that any assets acquired will not be subject to future write downs, each of which could have an adverse effect on our stock price.

## **MIDDLE MARKET LENDING PORTFOLIO COMPANY EBITDA AND CASH INTEREST COVERAGE**

Middle Market Lending Portfolio Company Cash Interest Coverage (“Middle Market Portfolio Cash Interest Coverage”) provide clarity into the underlying capital structure of PSEC’s middle-market loan portfolio investments and the likelihood that such portfolio will make interest payments and repay principal. Investments in real estate, subordinated structured notes, and equity (for which principal repayment is not fixed) and for which EBITDA is not available, negative or de minimis are not included in the calculations.

Middle Market Portfolio Cash Interest Coverage reflects the simple average cash interest coverage of each of PSEC’s middle-market loan portfolio investments. The cash interest coverage for each middle-market loan portfolio investment is calculated based on the portfolio company’s cash interest and adjusted EBITDA.

Middle Market Portfolio Cash Interest Coverage generally indicates a portfolio company’s ability to make interest payments and repay principal. Adjusted EBITDA provides PSEC with insight into profitability and scale of the portfolio companies within PSEC's middle-market loan portfolio.

These calculations include addbacks and adjustments that are often negotiated and documented in the applicable investment documents, including but not limited to transaction costs, share-based compensation, management fees, foreign currency translation adjustments, and nonrecurring transaction expenses. Consumer finance companies are adjusted to treat third-party receivables financing as a cost of goods sold (rather than financing) because consumer finance companies typically rely on such financing to fund their lending activities.

Middle Market Portfolio Cash Interest Coverage assist PSEC in assessing the likelihood that PSEC will timely receive interest and principal payments. However, these calculations are not meant to substitute for an analysis of PSEC’s underlying portfolio company debt investments, but to supplement such analysis.

### **About Prospect Capital Corporation**

Prospect is a business development company that primarily lends to and invests in middle market privately-held companies. Prospect’s investment objective is to generate both current income and long-term capital appreciation.

Prospect has elected to be treated as a business development company under the Investment Company Act of 1940. Prospect has elected to be treated as a regulated investment company under the Internal Revenue Code of 1986.

### **Caution Concerning Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, whose safe harbor for forward-looking statements does not apply to business development companies. Any such statements, other than statements of historical fact, are highly likely to be affected by other unknowable future events and conditions, including elements of the future that are or are not under our control, and that we may or may not have considered; accordingly, such statements cannot be guarantees or assurances of any aspect of future performance. Actual developments and results are highly likely to vary materially from any forward-looking statements. Such statements speak only as of the time when made, and we undertake no obligation to update any such statement now or in the future.

For additional information, contact:

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